

**RESOLUTION NO. RS2019-1558** (VERCHER & O'CONNELL) – This resolution would extend the existing license and franchise of Nashville Gas Company for an additional five year period.

Nashville Gas, whose parent company is Piedmont Natural Gas (Piedmont), has held a franchise to sell and transport natural gas within the area of the Metropolitan Government since 1912. The franchise agreement was extended in 1950 and again in 1974. The current agreement was initially approved by the Council in December 2003 pursuant to Ordinance No. BL2003-36 which extended the license and franchise of Nashville Gas for a period of 30 years. However, after the first 10 years of the term, the agreement terminates unless the Council approves extending the agreement by Resolution for an additional five-year period. The ten year period started on the date of approval of that ordinance, ratified by a referendum held February 10, 2004. (Section 17.02 of the Metropolitan Charter requires that extensions and amendments to franchise agreements for public utilities be approved by Ordinance enacted by the Council and then ratified by a 3/5 majority of the electors voting in the referendum election.) BL2003-36 provides that this license and franchise may be extended for four additional five year periods by resolution of the Metropolitan Council. Resolution No. RS2014-951 extended the franchise for the first additional five year period.

The Council Office would point out that the Metropolitan Government has no authority over the rates Piedmont Gas customers are charged. Such rates are regulated by the Tennessee Regulatory Authority.

*Fiscal Note: Under the existing agreement, Piedmont is required to pay Metro an annual franchise fee of 5% of its gross receipts from the sale, transportation, and distribution of gas. This 5% annual franchise fee amounted to \$10,043,116 in revenue to Metro for fiscal year 2018. In addition, Piedmont paid approximately \$4.2 million in property taxes to Metro for fiscal year 2018.*

*The franchise fee will continue to remain in effect unless the Metropolitan Government grants a franchise to another company to sell, transport, and distribute gas.*